



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ August 12, 2015

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an agreed-upon procedures report on Eden Township in Fayette County, Iowa for the period July 1, 2003 through April 30, 2015. The agreed-upon procedures engagement was performed at the request of the Fayette County Attorney.

Mosiman recommended the Township Board of Trustees convene as required by the Code of Iowa to approve the budget and the Summary of Receipts and Disbursements. The Township Board of Trustees should also ensure disbursements are properly approved and supported by sufficient documentation.

A copy of the agreed-upon procedures report is available for review in the Township Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1413-0006-00P0.pdf>.

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**EDEN TOWNSHIP
IN FAYETTE COUNTY, IOWA**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2003 THROUGH APRIL 30, 2015**

Table of Contents

	<u>Page</u>
Officials	3
Independent Accountant's Report on Applying Agreed-Upon Procedures	5-6
Detailed Recommendations:	<u>Finding</u>
Board Minutes	A 8
Written Agreements	B 8
Summary Statement of Receipts and Disbursements	C 8-9
Tort Liability Insurance	D 9
Disbursements	E 9
Budgets	F 9-10
Staff	11

Eden Township

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Nathan Adams	Trustee	Jan 2017
David Balk	Trustee	Jan 2019
Scott Klemp	Trustee	Jan 2019
Marlene Klemp	Township Clerk	Jan 2019

Eden Township



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Trustees of Eden Township:

In accordance with Chapter 11 of the Code of Iowa, we were contacted by the Fayette County Attorney with concerns regarding potential noncompliance with the Code of Iowa and possible unallowable costs paid with Eden Township funds. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Section 359.17 of the Code of Iowa requires the Board of Township Trustees (Board) to meet no less than two times each year to hold a public hearing for and subsequently adopt the Township budget. The budget for the next fiscal year is to be adopted and filed with the County Auditor's office no later than March 15. In addition, the Code of Iowa requires the Township Clerk to prepare a Summary Statement of Receipts and Disbursements by September 30 of each year which details the receipts, disbursements and fund balances of the Township as of June 30. The Board is to certify the summary as correct prior to its submission to the County Auditor.

After taking office on January 1, 2015, the current Township Clerk identified certain concerns which she discussed with the Fayette County Auditor and the Fayette County Attorney. After reviewing her concerns, the County Attorney determined it was appropriate to contact the Auditor of State's office for assistance in resolving the concerns identified, as follows:

- The former Township Clerk initially refused to provide the Township accounting records to the current Township Clerk when his term expired on January 1, 2015.
- It appeared the Board was not holding meetings to prepare and adopt the Township budget. Rather, the former Township Clerk prepared the budget and provided it to the Board for signature.
- The Fayette County Auditor determined the Township had not properly remitted payment for tort liability insurance for several years as required by section 670.7 of the Code of Iowa.
- It appeared the former Township Clerk was not remitting the correct amount to the City of Waucoma and/or the Waucoma First Responders for fire and emergency services.

We have applied certain tests and procedures to selected financial transactions of Eden Township for the period July 1, 2003 through April 30, 2015. Based on our review of relevant information and discussions with Township officials, we performed the following procedures:

- (1) Obtained an understanding of concerns identified by the Fayette County Attorney and the current Township Clerk.


- (2) Inquired if the Township had established formal agreements with the City of Waucoma Fire Department, the Waucoma First Responders or the 5 cemeteries within the Township specifying the amounts to be paid each fiscal year.
- (3) Examined the Summary Statements of Receipts and Disbursements to determine if they were properly prepared and filed.
- (4) Reviewed Board minutes to determine if the Township budget and Summary of Receipts and Disbursements were properly approved as required by the Code of Iowa.
- (5) Reviewed annual budgets to determine if they were submitted to the Fayette County Auditor by March 15 as required by the Code of Iowa.
- (6) Examined disbursements to determine if they were for appropriate purposes, were properly approved, were supported by adequate documentation and were within the budgeted amount.
- (7) Compared property tax deposited and recorded in the Township's Summary of Receipts and Disbursements to the property tax orders from Fayette County to determine if all funds were properly deposited.
- (8) Obtained and reviewed payroll documentation for the former Township Clerk from Fayette County to determine if the amount paid appeared reasonable.


Based on the performance of the procedures described above, we identified various findings and recommendations for the Township. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of Eden Township, the objective of which is the expression of opinions on the Township's financial statements. Accordingly, we do not express opinions on the Township's financial statements. Had we performed additional procedures, or had we performed an audit of Eden Township, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Eden Township and other parties to whom Eden Township may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Eden Township during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 19, 2015

Detailed Findings and Recommendations

Eden Township

Detailed Findings and Recommendations

For the period July 1, 2003 through April 30, 2015

- A. Board Minutes – Section 359.17 of the Code of Iowa requires the Board to meet not less than two times per year. At least one of the meetings shall be specifically for the purpose of preparing and adopting the budget by resolution as required by section 359.49 of the Code of Iowa. In addition, the Board is required to meet to certify the Summary Statement of Receipts and Disbursements prior to September 30 of each year.

However, based on a review of Board minutes, the Board did not meet to prepare and/or approve the budget as required in fiscal year 2007 and fiscal years 2011 through 2014. Although meetings were held in fiscal years 2008 and 2009, no actions were recorded in the Board minutes to document the Board's approval of the budget. In addition, the Board did not adopt the budget by resolution as required.

We also determined Board approval was not documented in the minutes for the Summary Statement of Receipts and Disbursements for fiscal years 2007 through 2010 and 2013 through 2014.

Recommendation – The Board should meet to propose and approve the budget and the Summary Statement of Receipts and Disbursements as required by the Code of Iowa. In addition, either the Township Clerk or a Township Trustee should keep detailed minutes of Board meetings held to be maintained with the Township's records.

- B. Written Agreements – The Township contracts with the City of Waucoma Fire Department and the Waucoma First Responders. Section 359.42 of the Code of Iowa requires a township contracting with a public or private agency for the provision of fire protection and emergency services to establish an agreement pursuant to Chapter 28E of the Code of Iowa. During our review, we determined the Township did not have a 28E agreement with either the City of Waucoma Fire Department or the Waucoma First Responders.

In addition, the Township did not have written agreements with any of the 5 cemeteries within the Township specifying the amount to be paid each year.

Recommendation – The Board should establish written agreements with the City of Waucoma Fire Department and the Waucoma First Responders, as required by Chapter 28E of the Code, and each of the 5 cemeteries within the Township. The written agreements should include the amount to be paid each year.

- C. Summary Statement of Receipts and Disbursements – Section 359.23 of the Code of Iowa requires the Township Clerk to prepare and submit a Summary Statement of Receipts and Disbursements (Summary) by September 30 of each year. The Summary is to include all receipts and disbursements, as well as the ending balance at June 30. In addition, the Summary is to be certified as correct by the Board.

We determined the Summary was not filed with the Fayette County Auditor's Office by September 30 for fiscal years 2003 through 2004, 2006, 2007, 2009 and 2012 through 2014. In addition, we determined the receipts, disbursements and/or the fund balance were not properly reported for several fiscal years. **Table 1** summarizes the overstatements and understatements identified for fiscal years 2003 through 2014. As illustrated by the **Table**, the disbursements for some fiscal years were not reported in the fiscal year they were paid. Instead, they were reported in the fiscal year they should have been paid.

Eden Township

Detailed Findings and Recommendations

For the period July 1, 2003 through April 30, 2015

Table 1

Fiscal Year	Description	Overstatement	Understatement	Total
2003	Beginning balance	\$ 191.40	-	191.40
2003	Receipts	-	182.00	(182.00)
2009	Disbursements	6,050.00	-	6,050.00
2010	Disbursements	-	50.00	(50.00)
2011	Disbursements	-	6,000.00	(6,000.00)
2012	Receipts	368.84	-	368.84
2012	Disbursements	15,400.00	-	15,400.00
2013	Disbursements	-	15,400.00	(15,400.00)
2014	Disbursements	575.00	-	575.00
Total		\$ 22,585.24	21,632.00	953.24

Recommendation – To the extent possible, the Township should pay the amounts due in the year budgeted. The Board should also review the Summary Statement of Receipts and Disbursements prior to approval to ensure receipts, disbursements and fund balances agree with the Township’s records prior to submission to the County Auditor’s Office. In addition, the Board should implement procedures to ensure the Summary is filed by September 30 in accordance with the Code of Iowa.

- D. **Tort Liability Insurance** – In accordance with section 670.7 of the Code of Iowa, all townships within a county remit payment to the County Auditor’s Office each fiscal year for their share of the blanket bond covering the Township Clerk and liability insurance. The Fayette County Auditor provides a statement each year specifying the amount the townships need to budget for the next fiscal year.

For the period of our review, we determined the former Township Clerk had not remitted the required payment to the Fayette County Auditor. The outstanding amount owed to Fayette County for fiscal years 2003 through 2014 totals \$1,388.85.

Recommendation – The Board should consult with the Fayette County Auditor’s Office and the Fayette County Attorney’s Office to resolve the outstanding amount owed by the Township. In addition, the Board should implement procedures to ensure the tort liability payment is properly remitted to the County in a timely manner.

- E. **Disbursements** – Section 359.21 of the Code of Iowa requires the Board to review and approve all claims prior to payment. However, none of the disbursements tested for fiscal years 2003 through 2014 were approved by the Board prior to payment.

Recommendation – The Township Clerk should ensure all Township obligations are presented to the Board for approval prior to payment as required by the Code of Iowa.

- F. **Budgets** – Section 359.49 of the Code of Iowa requires townships to prepare and adopt a budget for each fiscal year to be submitted to the County Auditor’s Office by March 15. In addition, in accordance with section 359.50 of the Code of Iowa, a budget amendment must be adopted by May 31 of the current fiscal year if the township anticipates actual disbursements will exceed the budgeted amount.

Eden Township

Detailed Findings and Recommendations

For the period July 1, 2003 through April 30, 2015

Actual disbursements exceeded the amount budgeted in several fiscal years. However, no budget amendments were adopted. **Table 2** summarizes the budgeted disbursements, actual disbursements and budget variances by category by fiscal year. Fiscal years with no budget variances and categories with no budgeted amount in a given fiscal year are not included in the **Table**.

Table 2

Fiscal Year	Budgeted	Actual	Variances
<u>Non-Owned Cemetery:</u>			
2003	\$ 1,100.00	2,200.00	(1,100.00)
2004	1,100.00	-	1,100.00
2005	1,100.00	2,200.00	(1,100.00)
2008	1,100.00	1,350.00	(250.00)
2009	1,350.00	-	1,350.00
2011	1,350.00	2,700.00	(1,350.00)
2012	1,560.00	-	1,560.00
2013	1,560.00	2,700.00	(1,140.00)
Subtotal	10,220.00	11,150.00	(930.00)
<u>Fire and Emergency Services:</u>			
2003	9,600.00	13,700.00	(4,100.00)
2004	9,600.00	8,120.00	1,480.00
2005	9,600.00	13,450.00	(3,850.00)
2006	9,600.00	9,400.00	200.00
2007	11,600.00	13,900.00	(2,300.00)
2009	12,100.00	7,500.00	4,600.00
2010	12,100.00	12,300.00	(200.00)
2011	12,600.00	16,950.00	(4,350.00)
2012	13,400.00	-	13,400.00
2013	13,400.00	25,950.00	(12,550.00)
2014	12,600.00	12,850.00	(250.00)
Subtotal	126,200.00	134,120.00	(7,920.00)
<u>Other:</u>			
2010	-	13.41	(13.41)
2014	-	25.00	(25.00)
Subtotal	-	38.41	(38.41)
Total	\$ 136,420.00	145,308.41	(8,888.41)

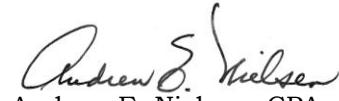
Recommendation – The Board should periodically review disbursements to ensure they are within budget. If not, the Board should implement procedures to ensure a budget amendment is properly approved prior to disbursements exceeding the budget.

Eden Township

Staff

This agreed-upon procedures engagement was performed by:

Jennifer Campbell, CPA, Manager
Amanda L. Burt, Staff Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State